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VIA E-MAIL

Maureen Del Duca
Deputy Chief, Investigations and Hearings Division
FCC Enforcement Bureau
445 12th Street, S.W.
Washington, DC 20554

Re: In the Matter of the Merger of Qwest Communications International, Inc.
and U S West Inc., CC Docket No. 99-272

Dear Maureen:

Even as AT&T was submitting its *ex parte* letter two days ago, Qwest issued a press release¹ and filed a Form 8K with the Securities and Exchange Commission (“SEC”)² “relate[d] to optical capacity asset transactions recorded in periods following the merger of Qwest and U S WEST, Inc.” Therein, Qwest stated that the “\$531 million [of revenue] from sales of optical capacity assets for cash ... will be deferred.”

As explained more fully in AT&T’s September 4, 2002 filing, this is an irrebuttable admission that Qwest’s “lit fiber capacity IRUs” do not involve the sale of facilities, but rather private line services. That is, Qwest had to restate its revenues because its

¹ http://www.qwest.com/about/media/pressroom/1,1720,1137_archive,00.html

² See,
<http://www.sec.gov/Archives/edgar/data/1037949/000095013402013021/0000950134-02-013021-index.htm>

transactions were not *bona fide* “conveyance[s] of facilities” as Qwest has claimed. Accordingly, Qwest’s use of the “full accrual method” was improper under Financial Accounting Standards Board (FASB) Statement 66, ¶5(d).³ Due to the fact that Qwest’s capacity transactions or “IRUs” are now conceded to be services rather than facilities, the revenue for those transactions had to be “deferred” under FASB Concept Statement 5, ¶¶ 83-84 and SEC’s Staff Accounting Bulletin (SAB) 101.

As more fully explained in AT&T’s *ex parte* of October 29, the time has come for the Commission to sanction Qwest for its continuing and blatant violations of the Telecommunications Act. Anything less will send a somber message that the monopolist RBOCs are unconstrained in ignoring the will of Congress or in harming the public or the economy. With the economy in its current condition and with the spate of corporate wrongdoing in the telecommunications industry, this is simply not the time to let rogue companies go unpunished.

Sincerely,

/s/

Aryeh Friedman

cc: Mark Stone
Anthony Dale
Jonathan S. Marashlian
John C. Keeney

³ For the same reason, Qwest’s restatement of its revenues is an irrebuttable admission that the “IRUs” at issue here were not *bona fide* “sales-leases” under Financial FASB Statement 13 as previously claimed by Qwest.